

Boston Ends Fiscal 2008 With A Surplus

Revenues come in \$34M over budget, but spending exceeds plan by \$18M

The City of Boston ended FY08 with a \$15.8M General Fund surplus. That compares with a \$15.2M surplus in the previous year. Driving this surplus were revenues that exceeded budget estimates by \$34.3M. The extra revenue covered actual spending that was \$18.5M over budget. The surplus represents 0.7% of total city spending. This surplus will become part of the free cash calculation. These funds will be needed to help offset any state aid cuts or decreases in city revenues due to the downturn in the economy and the state's fiscal situation.

FY08 General Fund Financial Summary			
Figures in millions			
	Budget	Actual	Variance
Revenues	\$2,308.8	\$2,343.1	\$34.3
Expenditures	\$2,308.8	\$2,327.3	\$18.5
Surplus		\$15.8	

Spending

In FY08, city spending of \$2.327B exceeded the budget by \$18.5M. The Fire and Police Departments accounted for over 91% of the

Select Spending Account Deficits			
Figures in millions			
	Budget	Actual	Deficit
Police	\$270.7	\$281.6	(\$10.9)
Fire	\$159.7	\$165.7	(\$6.0)
Snow Removal	\$12.3	\$17.2	(\$4.9)

excess spending, both primarily for overtime spending. A third account that spent far above its appropriation was snow removal. The School Department ended the year with a surplus of \$9,807 due to a supplementary appropriation of \$9.9M.

Income

Revenues totaled \$2.343B in FY08, \$34.3M more than budgeted. Over 75% of this revenue surplus came from four sources: (1) Motor Vehicle Excise, (2) Teacher Pensions, (3) Fringe Retirement charges from grants and (4) PILOT payments. Once again, these surpluses combined with other growth areas allowed the City to forego using at least \$6M in budgeted revenues. This includes \$5M in available fund balance revenues and \$1M in

Select Revenue Account Surplus			
Figures in millions			
	Budget	Actual	Surplus
Investment Income	\$37.5	\$39.5	\$2.0
PILOTS	52.9	56.7	3.7
Teacher Pension	98.0	105.4	7.4
Building Permits	28.6	31.7	3.1
Medicaid Reimb.	13.5	15.8	2.3
Sale of Property	0	1.0	1.0

surplus property funds that the City originally intended to use. Fund balance revenue (free cash) is treated as a non-recurring source and reducing its use for operating expenses is prudent. Additionally, these four areas offset revenue sources that did not reach their budget target.